



CALPEEK

CALIFORNIA POLITICAL WEEK

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VOL. XXIII
No. 2

JAN. 8, 2001

GOV. DAVIS CALLS SPECIAL SESSION ON ENERGY. STATE OF STATE ADDRESS WILL DETAIL HIS PLAN

Editor's note: Gov. Gray Davis(D) will deliver his State of the State address on Jan. 8th. Two days later he'll submit his 2001-02 budget to the CA Legislature. There's little doubt what subject will take up the vast majority of the governor's address: Calif.'s growing energy crisis. Here's our update, analysis & commentary...

...Last year when Calpeek wrote this budget and State of the State address story, Calif.'s economy was booming and Californians saw no signs of a pending energy crisis. Although Calif.'s economy remains strong, this energy crisis could have a devastating impact if Gov. Davis does not act boldly – and quickly. That's why he's called a *special legislative session* to deal with this first major crisis of his administration. He may not have signed the energy dereg bill into law, but the crisis has occurred on his watch and thus he must find solid solutions which will help Calif. consumers or face the political consequences...

...Back to the budget – briefly. Last year's 2000-01 budget was \$99.4 billion. This year the budget will over the \$100 billion mark by \$7-10 billion, based on November projections. The budget surplus is currently projected at \$10-11 billion. Davis will present his budget on Jan. 10th and most sources think the governor will go along with some of the GOP tax-cut proposals – such as again putting up \$500 million for another reduction in the VLF (car tax). And for those who haven't noticed, because of the last year's budget reserve – the State sales tax has been chopped by ¼ percent. That's not a permanent cut, but Davis may make it permanent by going along with a GOP plan which will cost about \$1 billion...

...And it's a good thing that Calif. has a strong economy because Calif. lawmakers will want to use a good hunk of the budget surplus to deal with the energy crisis. For example, Senate President John Burton may want to buy all of the power transmission lines (the power grid). Cost here could be \$2-3 billion. Assemblyman Fred Keeley is talking about buying all of PG&E's hydro-electric facilities. The

cost may be \$3-4 billion. And State Sen. Steve Peace wants the budget to contain at least a \$2 billion reserve for energy use...

...Best bet is that in some way Calif. will go into the power producing business, whether it's outright ownership of such plants or private/public partnerships. There's little doubt that Calif.'s experiment with power deregulation has been a bust and will be coming to an end. Will Gov. Davis go along with the above proposals? In the past he has been leery of spending money for ongoing projects unless the revenue source to do so is clearly IDed and stable. Stay tuned...

2000 CENSUS GIVES CALIF. ANOTHER HOUSE SEAT.

Editor's note: The U.S. Census Bureau released its data just before the new year and beginning in 2003, Calif. will have 53 U.S. House seats. Calif.'s population grew by 4.1 million over the 1990 census – the biggest gain of any State in raw numbers. But in percentages, it was Calif.'s two neighbors, Nevada and Arizona, who scored big time. Nevada gets one new U.S. House seat, while Arizona will get two. Now the game begins as to where this new U.S. House seat will go. Here's our brief update & analysis...

...It's not only the U.S. House which gets new lines, but also Calif.'s Legislature and the four Board of Equalization Districts. But for now insiders are looking only at Congress because that's where all the attention is focused. Currently, the Calif. Congressional Delegation is split with 31 Demos vs. 20 Republicans – and one vacancy due to the death of U.S. Rep. Julian Dixon(D-L.A.). Once a special election has been held, the count should go back up to 32 to 20 because the 32nd CD is strong Demo turf – GOPers need not apply...

...Calif.'s population is now at 33,871,648. Most of the growth has taken place in Southern Calif.'s Inland Empire (San Bernardino, Riverside & Imperial counties) and in the Central Valley. Logically that's where the new seat should go – but logic has nothing to do with reapportionment. The 2001 remapping is different than 1991 because for the first time in 20 years, the Demos are in complete control. In 1991

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when Demos drew new lines, then Gov. Pete Wilson(R) vetoed the plans – thus the new lines were drawn by *special masters* appointed by the Calif. Supreme Court...

... Will the Demos go overboard and try to screw the GOP in congressional reapportionment? That's the million dollar question and opinions are split. With savvy Demo operatives Michael Berman and Bill Cavala in control of the process, GOPers are naturally paranoid, but the truth is the Demos don't have too many other GOP targets they can go after, except for the 38th CD – now held by GOP U.S. Rep. Steve Horn of Long Beach. The 38th CD already has a solid Demo registration advantage, but the Demos have failed 4 times to recruit someone strong enough to defeat the popular Horn. If Horn retired, that would solve some problems...

... But the *biggest problem* facing Demos as they draw out new CDs is to satisfy growing demands by Latinos for more Congressional representation. There also will be huge pressure from Calif.'s shrinking Black population to maintain their current 3 seats, plus the 32nd CD. The 32nd CD is a very diverse district and is not a Black CD per se...

...FYI: The one person pushing the hardest for a new U.S. House seat is Demo Assemblyman Tony Cardenas of the San Fernando Valley. The big question is how to draw a seat for Cardenas without screwing either Howard Berman, Brad Sherman, Henry Waxman, Adam Schiff or Xavier Becerra? Stay tuned...

THE DEATH OF FORMER U.S. SEN. ALAN CRANSTON

The former Calif. Controller(1959-1966) and U.S. Senator (1969-93) died Dec. 31st at age 86. When the ultimate history of the Calif. Demo Party is written, Alan Cranston's name will figure prominently, because it was Cranston and Simon Casady who built the grass roots CA Demo club structure (patterned after the GOP's CRA) which eventually became the powerful CDC(CA Democratic Council). And in 1958, the CDC, with labor and a huge screw up by the Republicans, brought Demo control to Sacramento under Pat Brown. Cranston really wanted to run for the U.S. Senate in '58, but that job went to Demo U.S. Rep. Clair Engle...

... Cranston's quest of the U.S. Senate got new life in 1964 when Engle, who was up for reelection, was diagnosed with cancer. Cranston decided to run, but there was Byzantine Demo plot to keep the U.S. Senate seat out of Cranston's hands. Anti-Cranston Demos recruited Pierre Salinger and the former Kennedy press secretary won the Demo primary by 117,000 votes, but lost the general to George Murphy(R). Two years later when Cranston ran for a 3rd term as controller, many insiders thought his career was finished when Ronald Reagan swept the Brown & Co. out of Sacto...

... In 1968, when moderate GOP U.S. Sen. Tom Kuchel ran for reelection, Cranston decided to give it another shot. He had a clear primary because anti-Cranston Demos thought Kuchel was unbeatable. But Cranston was a keen political observer and realized that there was a big conservative trend brewing in Calif. and thought Kuchel might not survive the primary against the ultra conservative Max Rafferty. Cranston was right. And Cranston went on to beat Rafferty in the general election...

... Cranston won reelection twice without much difficulty against H.L. Richardson and Paul Gann. And in 1984, the senator dyed his hair and ran for the presidency. He came off looking phony and the campaign was a disaster because there was more talk about his hair than about his issues. In 1986, GOP insiders thought Cranston might be vulnerable. Wrong again, but moderate Congressman Ed Zschau from the Silicon Valley did come fairly close. The former senator would have run again in 1992 had it not been for the savings and loan scandal. He was one of the so-called *Keating Five* in the U.S. Senate. His popularity dropped dramatically and he was savvy enough to realize it was time to retire after 24 years in DC, where he was one of the best vote counters in the upper house. R.I.P...

CAMPAIGN 2001: CALPEEK TAKES A FIRST LOOK AT THE 24th SD SPECIAL ELECTION IN EASTERN L.A. CO.

Editor's note: As Calpeek hit deadline, new U.S. Rep. Hilda Solis(D-El Monte) had just been sworn in to Congress and had thus resigned her 24th Senate District seat in Eastern L.A. County. As Calpeek hit deadline, Gov. Gray Davis set the special election to replace Solis on May 1st. Here is our brief update & analysis...

... Although there will undoubtedly be more than just current Assemblywoman Gloria Romero(D-Alhambra) and former Assemblyman Martin Gallegos(D-Baldwin Park) running for Solis' vacant seat, make no mistake that this special will focus on these two lawmakers. Some news media reports have noted that La Puente Councilwoman Sally Holguin Fallon(D) is also running...

... For those who have not been following developments in this special, almost as soon as Solis announced last year that she would challenge Marty Martinez(D) for his 31st U.S. House job, insiders began to speculate who would run for Solis' seat if she were successful. It wasn't necessarily a given that Solis would defeat Martinez in the primary, but most sources felt she had a fairly good shot to unseat him in the Mar. 7th Demo primary...

... Almost as soon as Solis defeated Martinez, Gallegos, the popular chair of the Assembly Health Cmt., announced he

would run for the 24th SD. Gallegos was termed out in 2000 and he was the senior lawmaker in the area. But Romero also was “nested” within the 24th SD. As has been pointed out by many others, because of term limits, seniority no longer makes any difference and thus Romero, who is not termed out until 2004, decided to run too...

...On issues, Romero & Gallegos share much in common, but when it comes to *style & temperament*, they are miles apart. Gallegos is well liked and moderate. Romero is an activist who isn't afraid to ruffle feathers – and that has gotten her into trouble with many of her colleagues in the Calif. Legislature. Most members of the Latino Caucus are siding with Gallegos – including State Senators Polanco, Alarcon, Escutia and Soto; and Assemblymembers Calderon, Cardenas, Cedillo, Chavez, Correa, Firebough, Flores, Havice and Reyes. Gallegos is also supported by former Assembly Speaker Antonio Villaraigosa. Gallegos is also supported by Lt. Gov. Cruz Bustamante and sources expect that since Gallegos was an early supporter of Gov. Gray Davis, the governor will return the favor. There's another reason why sources think Davis will endorse Gallegos. Sources tell **Calpeek** Davis just doesn't like Romero...

...FYI: The big fight between Gallegos and Romero will center over organized labor. Gallegos has been endorsed by Laborer's Local #1082 in El Monte, as well as by Operating Engineers Local #12. But Romero has an ace in that she is close to L.A. Co. Federation of Labor chief Miguel Contre-ras. Stay tuned...

IT'S QUIET NOW, BUT VERY SHORTLY THE BATTLE FOR CONTROL OF THE CALIF. GOP WILL HEAT UP.

Editor's note: As reported in our last issue for 2000, there is another battle brewing for control of the Calif. Republican Party between the conservative forces who are now in control and a group of mainstream & moderates who don't like the direction the GOP has taken in Calif. It's the calm before the storm. Here's our brief update & analysis...

...In about seven weeks Calif. Republican Party central committee delegates will gather at the Sacramento Hilton Hotel Feb. 23-25 for their semi-annual meeting. As **Calpeek** reported last month, former Assemblyman Brooks Firestone of Santa Barbara (the moderate) is challenging current CRP Vice Chair Shawn Steel (the conservative) for the chair of the CA GOP...

...Over the X-Mas holidays there were all sorts of rumors about this battle, including one story that former Congressman Jim Rogan of Glendale was thinking of running. Steel told **Calpeek** that he had met with Rogan in DC and that Rogan will not run nor seek this post...

...So the lineup in terms of a battle looks this way. The two sides are not running as slates, but that's the way it looks:

	<u>Conservatives</u>	<u>Mainstream</u>
Vice Chair	Bill Back	Fred Lowell
Secretary	Gerry Snyder	Beth Rogers
Treasurer	Doug Boyd	April Boling
Reg. VC North	Unknown	Jim Hartman
Reg. VC Central	Cliff Unruh	Unknown
Reg. VC South	Celeste Greig	Roxana Foxx

...FYI: there are some other CRP offices as well, but these are the main ones...

...He's a quick rundown on the players. **Back** is the CRP's current Regional VC North. **Lowell** is an attorney and the immediate past chair of the powerful No. Calif. Lincoln Club. **Snyder** is the current CRP secretary, while **Rogers** is from Santa Barbara and is president of The Seneca Network. She's also a member of the SB Co. GOP Central Cmt. **Boyd** is the current CRP assistant treasurer under Michael Der Manouel, who is not seeking reelection. **Boling** is a CPA from San Diego, who is also treasurer of the San Diego Co. GOP Central Cmt. **Hartman** is an attorney from Alameda Co. and is chair of the Alameda Co. GOP Central Cmt. **Unruh** is seeking reelection. **Greig** is the incumbent Reg. VC from So. Calif. **Foxx** is chair of the San Diego Co. GOP Central Cmt. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Jan. 8	Gov. Davis presents State of the State address at State Capitol, Sacramento.
Jan. 10	2001-02 Calif. Budget presented.
Jan. 20	Inauguration Day, Washington DC.
Jan. 24-28	AAPC convention, Washington DC.
Feb. 6	65 th AD special election primary.
Feb. 27	Burbank city election.
Mar. 6	60 municipal elections, mostly L.A. County.
Mar. 9-13	Nat'l League of Cities Congressional Cities Conference, Washington DC.
Apr. 3	Glendale city election.
Apr. 10	L.A. & Inglewood primary election.
Apr. 17	Compton city election.
June 5	L.A. city runoff election.

CALPEEK'S PRICE WILL REMAIN JUST \$90 PER YEAR

Despite the U.S. Postal rate increase from .33 to .34 cents for 1st class mail which goes into effect on Jan. 7th, **Calpeek's** price for the coming year will remain just \$90 for 1 year and/or \$165 for 2 years. Stay tuned...

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CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **The Energy Bad Guys** – It's not PG&E, SDG&E nor SCE. They've been caught in the what's known as the *masher/basher*. There are two bad guys: FERC (Federal Energy Regulatory Commission) and the CPUC (CA Public Utilities Commission). The CPUC first. Had this 5-member commission given the utilities the authority to sign long term contracts with the power generating firms (beginning in '97) when wholesale prices were reasonable, perhaps Calif.'s energy mess might have been avoided. As for FERC, they essentially did nothing even though they publicly stated that wholesale (energy) prices in Calif. were "unjust and unreasonable." A Nov. 17th letter from State Sen. Steve Peace (D) to the CPUC (with the legal research by Peace's key person Irwin Nowick) requested the CPUC not to grant any rate hikes to PG&E & SCE unless these utilities went to court and sued FERC and the power generators to recover the "proceeds of the unlawful wholesale charges the privately owned utilities incurred." SCE filed suit against FERC in Washington DC on Dec. 27th. Gov. Davis joined the lawsuit against FERC on Jan. 2nd. Question: why hasn't the CPUC also sued?? FYI: CPUC Comm. Josiah Nepper's term ended 12/31/00 and Gov. Davis has named his energy advisor, John Stevens, to the CPUC on an interim basis. Why would Davis appoint someone from his staff to vote for a rate hike? It doesn't make much political sense...

■ **32nd CD Update** – Gov. Gray Davis has set June 5th for a special election to replace the late U.S. Rep. Julian Dixon (D-L.A.) who died unexpectedly Dec. 8th – about a month after winning yet another term in congress. Dixon's widow, Bettye, announced 1/3/00 that she would NOT run...

■ **San Berdu Voters Reject Charter Reform** – One item left over from Nov. 7th: Measure M to revise the City of San Bernardino's charter was defeated by 67.7% NO vs. 32.2% YES vote. The San Bernardino City Professional Firefighters were solidly against the charter reform and the defeat is considered a major loss for new Mayor Judith Valles. L.A.-based Nuhum & Rex ran the NO on M campaign...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We've got a ton of these announcements...

● A sad note: Richard Bergholz, 83, one of the giants in Calif. political journalism, died Dec. 26 after suffering a stroke at his Pasadena home. His journalism career began in the 1930s, but he made his mark while working for the L.A. Times (1962-85). He was tough, but fair. R.I.P...

● Another sad note: John Gilkison, 37, a key Demo East Bay political operative who worked for Winning Results, died Dec. 28th after a very long battle with cancer. R.I.P...

● Another sad note: former Congressman James Corman (D) died Dec. 30th after suffering a stroke. He represented the San Fernando Valley for 20 years, but was defeated for reelection in 1980. He was 80. R.I.P...

● San Jose Mayor Ron Gonzales' long time top aide and COS, Jude Barry, resigned his job Dec. 4th...

● Attorney Amanda Susskind has been appointed as an alternate commissioner to the Calif. Coastal Commission by Assembly Speaker Bob Hertzberg...

● State Sen. Martha Escutia(D) has joined the law firm of Richards, Watson & Gershon. She will work part time in the firm's L.A. office...

● Mitzi Grasso, 39, a 14-year L.A.P.D. vet, has been elected president of the L.A. Police Protective League. It's a first for a woman...

● L.A. office of Fleishman-Hillard has hired former BofA communications/pa executive Cary Walker as a Sr. VP in the firm's corporate communications department...

● Edelman PR Worldwide has hired Lisa Weil as a VP of the firm's Issues Management Group in the L.A. office. Weil had been with Sitrick & Co. in L.A...

● U.S. Sen. Barbara Boxer(D) has been appointed by Demo Senate Leader Tom Daschle to the post of Chief Deputy for Strategic Outreach. She's also the only new permanent member of the Senate Demo Leadership...

● Sacto lobbyist Michael B. Knudsen has formed his own lobbying firm, Knudsen & Associates, 1015 "K" St., Ste. 200, Sacto 95814. (916)448-7500...